

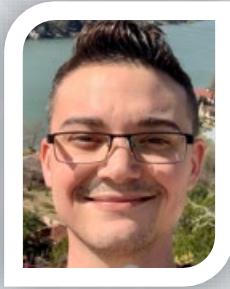


Financial Reporting Updates

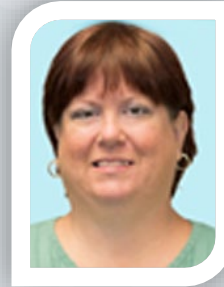
Accounting Policy Meeting
June 30, 2020

Fiscal Reporting Section
Fiscal Management Division

Presenters



Michael Hensley
financial reporting analyst



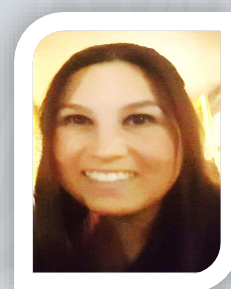
Shelly Arnold
financial reporting supervisor



David Tropea
financial reporting analyst



Anis Golshan
financial reporting analyst



Gaby Needham
financial reporting analyst

Agenda



- **GASB Updates**
- **Fiscal Year-end Close Process**
- **Note 16 – Subsequent Events and Post-Period Subsequent Events**
- **Statement of Cash Flows**
- **Questions**

GASB Updates



Current year implementations, [effective Sept. 1, 2019](#)

- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 90, *Majority Equity Interests*
- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*
- Implementation Guide (IG) 2019-2, *Fiduciary Activities*
- Other Items:
 - ❖ GASB Investment Fee Preparer Survey
 - ❖ Exposure Draft Application Guidance on the CARES Act of 2020 and Coronavirus Diseases



GASB Statement 84 and GASB IG 2019-2, *Fiduciary Activities*

Enhances the consistency and comparability of fiduciary activities by establishing criteria including trust requirements for certain fund types classified as fiduciary and eliminates agency funds with a new fund type 22 custodial funds.

- Materiality threshold – \$100,000 per activity
- Strict criteria as established by paragraph 11
- Paragraph 19 exception: “3 months or less for enterprise funds,” each agency responsible for application
- Custodial funds currently have four GAAP funds (D24) setup:
 - ❖ 3300 – Donations
 - ❖ 3400 – Education
 - ❖ 3450 – External Investment Pool Non-Trusted
 - ❖ 3500 – Patient
 - ❖ Requesting Additional GAAP Funds (Form 74-231) required with applicable trust agreements, as needed
- Trust agreements required for reporting in all fiduciary fund types, except custodial funds

GASB Statement 84 and GASB IG 2019-2, *Fiduciary Activities (Cont.)*



Suspense funds (FT09)

- No longer applicable for reporting purposes
- No balances as of **Aug. 31** by fund (D23)
 - ❖ Balance Sheet by GAAP GL Class (D14)
 - ❖ Operating Statement by GAAP Source Object (D08)
 - ❖ Must be moved to a governmental or enterprise fund, **no exceptions**
- More guidance to be provided in July
- Deadline for agencies to move all activity is **Sept. 30** to allow agency 902 (Comptroller's office – State Fiscal) time to finalize the AFR by the Nov. 1, 2020 deadline



GASB Statement 90, Majority Equity Interests

Improves consistency in the measurement and comparability of majority equity interests in legally separate organizations

- Defines equity interest
- Ownership to be reported as an investment using the equity method of accounting
- Potential impacts to other note disclosures, but may refer to **Note 19 – Component Units and Related Organizations**
 - ❖ Note 3 – Deposits, Investments and Repurchase Agreements
 - ❖ Note 6 – Bonded Indebtedness
 - ❖ Note 27 – Deferred Outflows / Inflows of Resources
- **GASB Component Unit Questionnaire** updated



GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance

Provides temporary relief of implementation due dates, considering the COVID-19 pandemic.

- Comptroller's office will follow new applicable due dates as established in paragraph 4, with the following exceptions:
 - ❖ GASB 84
 - ❖ GASB 90
 - ❖ IG 2019-2
- AFR Reporting Requirements' website provides current updates and implementation effective dates:
 - ❖ Home page – see the *Updates Table*
 - ❖ Current GASB Pronouncements page



GASB Statement 87, *Leases*

Establishes a uniform approach to accounting for and reporting leases based on the principle that all leases are (in substance) financings.

- Implementation effective for fiscal 2022
 - ❖ Agency may implement earlier providing the agency uploads to the LNSS web application corrective entries for CAFR to reverse the impact of GASB 87
- Lease term
 - ❖ Non-cancelable period only
 - ❖ Option to extend period included if reasonably certain to be exercised
 - ❖ Lease for 12 months or less, with no extension, are excluded
- Threshold to be established
 - ❖ \$100,000 net present value of future minimum payments per unit (subject to final agreement with State Auditor's Office)
- Lease calculator/amortization web application tool to be released



GASB Questionnaires

- GASB Questionnaires (through Survey Monkey) will open on **July 10**
- All agencies must complete and submit every GASB Questionnaire (through Survey Monkey) by **Aug. 15, no exceptions**
- AFR Reporting Requirements' **GASB Questionnaire** page provides:
 - ❖ Links to each GASB Questionnaire in Survey Monkey
 - ❖ Descriptions and PDF previews of each GASB Questionnaire
 - ❖ Links for more information on the AFR Reporting Requirements' website specific to each GASB Statement

Fiscal Year-end Close Process



- No missing agency general ledger account (no posts)
 - ❖ Order DAFR8910 Interfund/Interagency Activity
 - ❖ FMQuery – SIRS: Interagency/Interfund Activity report located in the **General Ledger Reports** drop down menu
- Eliminate system clearing GL 9999 and basis conversion GL 9992.
 - ❖ Must equal zero at the D23 fund level.
 - ❖ FMQuery – SIRS: DR115 Review System Clearing (formerly CR118) report located in the **Balance Sheet** drop-down menu
- Clear IT file (transactions in error) before **Aug. 31**, as well as those payments that post to cash in state treasury
- Profile review and clean-up for next year

Note 16 — Subsequent Events



- No changes in the AFR Reporting Requirements
- Any events with significant financial impact occurred between 08/31/CY and 11/20/CY
- Submission through the ONDSS web application
- Refer to the AFR Reporting Requirements' website for details about Note 16 requirements
- Review GASB 56, paragraphs 8-14, for more information



Post-Period Subsequent Events

- Updates to the AFR Reporting Requirements' website
- Any events with significant financial impact occurred between 08/31/CY and the end of February – **Other than those previously disclosed in Note 16 – Subsequent Events**
- Submission through the ONDSS web application:
 - ❖ Menu provided in the center of the page
 - ❖ Submission link is only available between **Jan. 1–14**
 - ❖ Use the link for submission, or to indicate that there is no submission
- Refer to the AFR Reporting Requirements' website for more details:
 - ❖ Details are provided below the requirements for Note 16 – Subsequent Events
 - ❖ Additional examples are also provided on the ONDSS web application



Statement of Cash Flows

- Starting **fiscal 2020**, agencies will record the Statement of Cash Flows in USAS
- In July, a template will be available in the **Template and Sample Exhibits** of the AFR Reporting Requirements' website
 - ❖ Automatically populate the lines from the AFR SOCF tab – agency will input the amounts of the SOCF from its AFR
 - ❖ TC 588 Generic GL Cash Flow Debit Balance (Reversing)
 - Debits payments from the operating, noncapital financing, financing and investing activities, and negative amounts from the reconciliation to operating income (loss) to net cash provided (used) by operating activities
 - Credits GL 4898 System Clearing – Cash Flow
 - ❖ TC 589 Generic GL Cash Flow Credit Balance (Reversing)
 - Debits GL 4898 System Clearing – Cash Flow
 - Credits proceeds from the operating, noncapital financing, financing and investing activities, noncash transactions and positive amounts from the reconciliation of operating income (loss) to net cash provided (used) by operating activities.
 - ❖ Balances will auto-reverse the following fiscal year to start at zero

Questions?



If you have financial reporting questions,
[contact your financial reporting analyst.](#)